

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 20, 1996

SUBJECT: **SB 2440 - HB 3213**

This bill, if enacted, will create a process for insurers to deal with requests for experimental treatments when the patient's condition creates a high probability of death. If the physician recommends the treatment and the insurer denies such treatment, the insurer must offer an opportunity for independent arbitration. The request is to be reviewed by at least two (2) independent medical experts who will give a professional opinion on the reasonable likelihood the treatment will produce a meaningful benefit. The bill sets out the procedure for producing and documenting the decision. If half or more of the independent experts determine the treatment could be useful then the insurer is to cover the procedure.

The fiscal impact from enactment of this bill is estimated to be an increase in expenditures to the TennCare Program. The provisions of this bill will cause an increase in capitation rates for covering experimental procedures. The amount of such increase cannot be determined but is estimated to exceed \$1,000,000 in the long run.

The enactment of this bill will not increase expenditures for state government health benefits because the state plan is self-insured and not subject to such regulation.

The fiscal impact from enactment of this bill is also estimated to be an increase in expenditures to local governments for employee health benefits. The amount of such increase cannot be determined but is estimated to exceed \$100,000.

The enactment of this bill is also estimated to result in an increase in cost to the health industry from mandated coverage. Such increase cannot be determined but is estimated to exceed \$1,000,000. This impact is included as required by T.C.A. 3-2-111.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*